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DIVISION OF MANAGEMENT AND TECHNOLOGY

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*Handwritten:* If needed  
8 July 97

July 7, 1997

John P. Galligan  
Director  
Card Technology Division  
Financial Management Service  
U.S. Department of Treasury  
Liberty Center Building, Room 526  
401 14th Street, S.W.  
Washington, D.C. 20227

Dear Mr. Galligan:

This letter contains the comments of the Wisconsin Electronic Benefits Transfer (EBT) project on the notice of proposed rulemaking (NPR) published by the Financial Management Service (FMS) on May 9, 1997, which deals with "Electronic Benefits Transfer; Selection and Designation of Financial Institutions as Financial Agents."

1. Selection and Designation of Financial Agents: The final regulation should clarify the actual process for designation of financial institutions as Financial Agents. In particular, States should be allowed to participate in the selection process in situations in which the State wishes to credit payments to a Direct Federal EBT account. (See below for more on the States' relationship with the Financial Agent.) Also, the regulation should define how FMS and the State will cooperate in working with a Financial Agent in such a situation.

2. States' Relationship with the Financial Agent: The final regulation should clarify that States also may credit cash benefits to the EBT accounts of Direct Federal beneficiaries through the automated clearing house rather than only through their "EBT program." In addition, it should make clear the stated intent of FMS that, where the Financial Agent is either the State's EBT vendor or is working with the State's vendor, Direct Federal beneficiaries may use the same card to access their food stamp benefits.

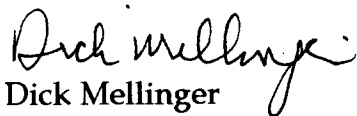
3. Definitions: The terms "EBT" and "Direct Federal EBT" are used interchangeably in the Supplementary Information section of the NPR. The final version should use whichever term that better fits the context. For example, the Supplementary Information section states: "By definition, however, EBT is a payment system for the unbanked." This sentence should more appropriately use the term "Direct Federal EBT." In addition, the definition of "Direct Federal payment" in the Supplemental

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Information section of the NPR is more appropriate than the definition in the regulation itself. In particular, the former definition notes that the program involved is "Federally funded" and is "not administered by a State government."

Finally, we must note that the NPR does not make clear whether FMS intends to mandate Direct Federal EBT for those beneficiaries remaining "unbanked" by the January 1999 deadline. We trust that the FMS intent in this regard will be clarified in the upcoming proposed rule implementing the EFT mandate itself.

Sincerely,

A handwritten signature in cursive script that reads "Dick Mellinger".

Dick Mellinger  
EBT Project Manager  
Department of Health and Family Services